

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

SR.26/4
27 February 1970

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CONTRACTING PARTIES
Twenty-Sixth Session

Page 26/27

SUMMARY RECORD OF THE FOURTH MEETING

Held at the Palais des Nations, Geneva,
on Wednesday, 18 February 1970 at 3 p.m.

Chairman: Mrs. A.M. ZAEFFERER DE GOYENECHE (Argentina)

Subjects discussed: 1. Expansion of International Trade

Speakers: United Kingdom
Trinidad and Tobago
Peru
Indonesia
Switzerland
Norway
Sweden

Sir Eugene MELVILLE (United Kingdom) found the progress made in world trade in 1969 encouraging, though the time had not been an easy one for the United Kingdom. He expressed his appreciation of the sympathy and understanding with which the measures taken by his country to restore the equilibrium in its balance of payments had been accepted in the GATT. The United Kingdom was firmly committed to remove the remaining elements of those measures as soon as possible. The United Kingdom had continued to fulfill its Kennedy Round commitments and had taken part in the preparatory work for the reduction of barriers to trade.

He felt that the work done by the GATT had contributed to the lowering of trade barriers and to the expansion of world trade. It was disappointing, however, that the supplementary agreement on chemicals, which formed an integral part of the Kennedy Round package had not yet entered into force. The past year had shown that there were strong pressures at work which threatened to undermine the principles of the General Agreement, and there had been occasions which necessitated taking a firm stand to maintain the authority of GATT. However, it was dangerous to look for such occasions and it was preferable to meet them when they arose. In general, the GATT had achieved its results by careful exploration of continuing problems of trade and by searching for solutions in a spirit of conciliation and compromise. He believed that this was the right approach also for the future.

The United Kingdom would continue to participate actively in the Committee on Trade in Industrial Products and hoped that possibilities for concrete action would be identified. He understood the general purpose of the proposed declaration of intent, but felt that there were ambiguities in its content and drafting and that more thought needed to be given to the text. As to the form of negotiations on tariffs and other trade barriers, he agreed with the Director-General's conclusion regarding the need for the examination of the modalities of negotiations. Concerning the idea of sector negotiations put forward by the Canadian representative, he suggested that this should be taken up in the Council, but reserved the views of his Government on this question.

Progress in the field of residual quantitative restrictions would be an important achievement. The United Kingdom wanted to give this work high priority and shared the view that the Joint Working Group should start its work as quickly as possible.

Although some important work still remained to be done on identification of problems, it seemed possible for the Agriculture Committee to find a compromise basis for permitting the work of seeking solutions to be started. It was his feeling that the Committee should be allowed to proceed with its work as quickly as possible; but he doubted whether it was worth while at present to try to agree on broad statements of intentions.

With regard to the report of the Committee on Trade and Development, he fully supported the trade interests of developing countries and welcomed the progress made towards achieving the Committee's objectives. The United Kingdom would continue to take an active part in this work as well as a constructive interest in all the problems in this area.

Mr. ARCHIBALD (Trinidad and Tobago) underlined the responsibility of the GATT in relation to world trade. He mentioned the United Nations strategy of development for the coming decade and stressed the importance of expanding world trade. The GATT could make a valuable contribution to the Second Development Decade, and he hoped CONTRACTING PARTIES would take up this challenge.

He appreciated the Director-General's statement that the GATT was now ready to proceed from study and investigation to the search for solutions, and welcomed the suggestions for action which had been made. He drew the attention to one of the conclusions adopted at the twenty-fifth session concerning the need to give priority consideration to, and to take steps to solve trade problems of developing countries. With regard to the adoption of new conclusions at this session, he warned against the accumulation of new conclusions on as yet unexecuted past conclusions, since earlier decisions might then be left behind.

His delegation had special interests in the implementation of Part IV of the General Agreement, and hoped a decision would be reached in the near future on the proposed consultative machinery under which developing countries would have specific problems examined. Trinidad and Tobago had suffered injuries arising from non-compliance of certain countries with Article XXXVII and would find it encouraging if further progress could be made in the Trade and Development Committee and the Trade Negotiations Committee.

It was his understanding that the problems of developing countries would be given priority at all stages of the many exercises now under way in GATT. It should be borne in mind that developing countries had derived only marginal benefits from the Kennedy Round and, furthermore, that developing countries were at different economic levels. It might be desirable to examine the possibility of joint action under Article XXXVIII concerning primary commodities. Trinidad and Tobago appreciated the value of existing commodity arrangements in that they gave economic stability.

Mr. Archibald expressed dissatisfaction with the existing situation regarding trade in cotton textiles, which did not allow for any expansion in this labour-intensive sector of the economy of his country. Developed countries should consider a relaxation of their present restrictions. His delegation put great emphasis on the practical approach of its participation in the GATT, and wanted to measure the results in terms of prosperity of their people at home.

Mr. DE LA PUENTE (Peru) said that the work programme initiated in GATT in 1967 had two objectives. The first one was to ensure the implementation of the concessions negotiated in the Kennedy Round. In spite of growing protectionism this part of GATT's programme was being carried out successfully. However, the second objective, the identification of remaining barriers to trade, was being carried out without any structural conception of the particular problems facing developing countries. This absence of structural conception was manifest in the field of non-tariff barriers and in the Tariff Study.

Regarding the work on non-tariff barriers, the representative of Peru pointed out that because of the procedure of notifications by exporting countries few non-tariff barriers affecting the exports of developing countries had been recorded in the Inventory. This was due, among other things, to the developing countries' lack of experience in the marketing of their products. Though the GATT secretariat was helping developing countries to correct the situation, he would welcome suggestions for improvement.

He expressed concern about the fact that a global approach to the dismantlement of non-tariff barriers was being considered, without any effort to devise norms for special liberalizations in the interest of developing countries. To the norms that had already been proposed it would be desirable to add others that would take into account the following three considerations: first, that in Part IV developed countries are committed to dismantling unilaterally barriers of export interest to developing countries: second, that in sectors where

discriminatory dismantlement could be contemplated, priority should be given to a preferential dismantlement in favour of developing countries: third, that the future rules of negotiations should provide adequate safeguards for developing countries, the bargaining position of which was handicapped by their development needs.

Regarding the Tariff Study, Mr. de la Puente expressed concern that any tariff reductions which might follow as a result of this study would affect the margin of preference developing countries hoped to receive within a scheme of generalized preferences. This problem should be considered in the context of the Tariff Study.

Furthermore, he recalled that Peru had made concrete proposals regarding the establishment of consultative machinery provided for in paragraph 2 of Article XXXVII (COM.TD/W/97 and the Annex of L/3335). He hoped that this machinery would be set up at the next meeting of the Committee on Trade and Development.

He considered that the future programme of work should promote a new form of co-operation between contracting parties which was to be found in both the spirit and letter of the General Agreement. He recalled that the Expanded Balance-of-Payments Consultations were tailored to the requirements of developing countries, and proposed that this practice of co-operation be extended to other fields. He suggested that "co-operation consultations" should take place in the context of Article XXIV when integration processes among developing countries ran into difficulties and needed assistance. Such consultations could be held in the Committee on Trade and Development, which would thereby be strengthened as the responsible body for Part IV. Such a system would allow the harmonization, rather than merely the examination, of integration processes among developing countries.

Mr. PANDELAKI (Indonesia) said that the developing countries had failed to benefit from the rapid expansion of international trade in the last decade, despite the strenuous and continuing endeavours undertaken by the CONTRACTING PARTIES and despite several ministerial declarations and programmes of action in this regard. He emphasized the crucial importance of an expansion of exports as a means of financing the Development Plan which Indonesia had launched in 1969. Although noting an encouraging increase in exports in the last two years, he was concerned about the limited progress achieved in the elimination of tariffs and non-tariff barriers in the field of agricultural products, for the exports of which Indonesia was still heavily dependent for its foreign exchange earnings. His delegation therefore appealed that the contracting parties at the beginning of the Second Development Decade review their objectives of further liberalization of world trade and the improvement of the trade position of developing countries.

Mr. Pandelaki was gratified to observe that GATT was now in a position to move out of the period of study and investigation into a search for possibilities for concrete action in the field of the Tariff Study and non-tariff barriers on industrial products. His delegation favoured that special attention be given to non-tariff barriers of particular interest to developing countries, and supported a standstill on new non-tariff barriers to be observed in order to give credibility to the efforts in this field.

Commending the inventory drawn up by the Agriculture Committee, he said that it was understandable that no parallel advancement had been made in the liberalization of agricultural products in comparison with industrial products in view of the difficult and complex problems involved. His delegation supported the proposed principles upon which the future orientation of the Committee's efforts should be based, and shared the apprehension voiced in the Special Group on Tropical Products that the Agriculture Committee might not be in a position to give the urgent and immediate attention to tropical products warranted by the current problems faced by developing countries. The problems of particular relevance to tropical products had been under thorough consideration, and had been the subject of studies for many years, not only in GATT but also in other international organizations. The time had come to take immediate action, particularly with regard to tropical oilseeds and oils, where action could be undertaken without awaiting an overall solution in the oils and fats sector. His delegation therefore regretted the failure of the Agriculture Committee to agree on the requests for the removal of tariff and non-tariff barriers on certain vegetable oils and seeds and for the proposed machinery for tackling the problems affecting these products.

As for his delegation's concern, expressed at the previous session, with regard to the unfavourable treatment to which Indonesian export commodities had been subjected in the tariff field, he wished to put on record his delegation's appreciation to the developed countries for the decision to reduce the import duties of some tropical products of special interest to Indonesia, as well as for the advanced implementation of tariff concessions negotiated in the Kennedy Round regarding a number of tropical products. He drew the attention of the CONTRACTING PARTIES to the recommendations of the Pearson Commission's report that import duties and excise taxes should be eliminated on primary commodities exclusively produced in the developing countries.

With respect to a general scheme of preferences, he expressed the hope that the number of processed and semi-processed agricultural products from developing countries in the positive list of offers would be substantially increased. He expressed appreciation for the work done by the International Trade Centre for the developing countries with the limited resources available to it. His delegation welcomed the shift in the orientation of the Centre's activities from research to operational activities, financed from extra-budgetary resources, and approved the increasing emphasis laid on comprehensive assistance programmes.

With regard to Part IV, he noted that the implementation by some developed countries had not been fully consistent with the letter and spirit of Part IV. Moreover, the institutional framework and procedures for its implementation were still lacking. His delegation favoured a solution in which the Committee on Trade and Development should become the institutional framework and focal point for review and action in respect to problems of developing countries.

Mr. WEITNAUER (Switzerland) recalled that the principles laid down in the General Agreement and the objectives which the CONTRACTING PARTIES had before them were in complete harmony with Swiss principles concerning international trade. As a result of its economic, financial and other relationships, Switzerland was closely linked up with all parts of the globe. It occupied one of the leading places in the world as regards the total volume of its foreign trade per head of the population. Consequently it was natural and indeed necessary for Switzerland to pursue a liberal trade policy.

He stressed the fact that GATT would not have become what it had without the constant and repeated support of the United States. Addressing himself to the delegation of the United States, he stressed that it would be a great misfortune if the traditional rôle the United States had always played in promoting GATT's activities came to a standstill. He expressed the hope and trust that despite the numerous and difficult economic problems the United States actually had to cope with, the right moment to take GATT a considerable step further on the way of the liberalization of world trade would not be missed.

He said that Switzerland also attached great importance to the events which had been taking place and which were still taking place in Europe. It shared the desire of certain other European countries to set up a complete European market which would be free from all trade barriers, and to this end it wished to share in the extension of the European Economic Community. This desire should not be thought of as surprising or abnormal by countries from other continents. If Europe was trying to unite its efforts with a view to achieving a situation similar to that existing in the United States, it was simply following a course of action which was clearly required by the economic imperatives of the present century. These imperatives further required an extended European market to remain faithful to the basic principles of GATT, and to follow a liberal policy towards the whole of the rest of the world. GATT had prescribed the necessary machinery for such integration, and the Swiss Government fully supported respect for the rules of GATT in this field.

As regards the programme of work, he pointed out that Switzerland would have no hesitation in signing a general declaration of intent as regards non-tariff barriers which hampered trade in industrial products. Switzerland also deplored the existing situation as regards trade in agricultural products, which was the result of very questionable internal policies which had led to over-production and dumping by means of exports. As a large-scale importer of agricultural products, Switzerland thought it essential for all the governments concerned to make continued efforts to remedy this situation.

He emphasized the fact that only close, confident and continuing co-operation between the developing countries and the developed countries could solve the great problems which were on the agenda of the meeting. GATT was a particularly useful platform at which to discuss and solve these problems.

The International Trade Centre was a living proof of what could be accomplished by sustained efforts directed towards a very practical goal, namely the training of representatives of the developing countries in the numerous problems involved in the organization of trade relationships. At the same time GATT had the great advantage over other international economic bodies that it was operational. Everything that was decided in GATT had to be put into effect, and the General Agreement itself contained clauses to ensure compliance with any such decision.

He went on to say that Switzerland supported the proposal of the Director-General that fresh negotiations should be undertaken in 1971 so as to ensure that international trade would be continually stimulated and built upon. As to the date of those negotiations, he added that no one could at the moment foresee exactly what the political and economic situation might be in a year's time. In any case Switzerland would be very happy if the Director-General's optimism proved to be confirmed by the facts, and if once again the CONTRACTING PARTIES of GATT would mobilize all their energies for a further undertaking along the lines of its best traditions.

Mr. BOYESEN (Norway), speaking on behalf of the Nordic countries recalled that more than two years had elapsed since the adoption of the Programme of Work which was to be undertaken in parallel with the implementation of the Kennedy Round results. The Nordic countries continued to attach great importance to a full and integral implementation of the Kennedy Round results, including the abolition of the American selling price system, while at the same time pursuing the activities within the framework of the Programme in order to explore the opportunities for mutually acceptable solutions.

The Nordic countries were fully aware of the influence on international trade of the policies pursued by the United States. They had noted with satisfaction the present United States Administration's declared determination to continue a liberal trade policy.

Turning to the Committee on Trade in Industrial Products, he said that non-tariff barriers to trade was one of the main preoccupations in the formulation of a liberal trade policy for the 1970's, if only to prevent the results achieved in the tariff field from being eroded through other measures detrimental to trade. It was particularly important for small industrialized countries, heavily dependent on international exchange of goods and services, to try to come to grips with these problems. The Committee had made satisfactory progress under the able chairmanship of Mr. Stuyck.

The Nordic countries had supported from the outset the proposed Declaration of Intent on non-tariff barriers. They were of the opinion that a declaration of this kind would have a restraining effect, even if the adoption of a legally binding text was not feasible under present circumstances. In his view, the contracting parties should declare in a general way that they were prepared in the industrial field to endeavour not to increase the present level of protection through non-tariff barriers to trade. He suggested that a reference to the readiness of contracting parties to enter into consultation to justify any actions they might take would also be appropriate.

As the work which the Committee now had embarked upon was of necessity exploratory in nature it was important that delegations be given some flexibility to discuss possible solutions to the problems before them. In this respect the Nordic countries had noted with satisfaction the positive spirit in which the delegations had participated in the discussions of the Committee's Working Group 1.

Solutions might be found in the field of non-tariff barriers, in the tariff field or by a combination of the two. Referring to the Canadian suggestion that one approach might consist of examining the opportunities for substantial liberalization of trade by sectors where economic conditions and patterns of production were favourable, he said that the Nordic countries considered this approach worth exploring in the Committee on Industrial Products.

The Nordic countries endorsed the report of the Committee on Industrial Products and considered the work done so far to have been an important step in the right direction. With regard to the reports of the different committees he suggested that it would be useful if they concentrated more, in an analytical way, on the substance of the main problems so as to better focus contracting parties' discussions. In this respect he had appreciated the Director-General's introductory statement as a useful supplement to the reports. The Nordic countries believed that the Tariff Study together with the material which would emerge from the study of non-tariff barriers would create a valuable basis for meaningful multilateral trade negotiations in the GATT when the CONTRACTING PARTIES as a whole were prepared to engage in such negotiations.

Mr. von SYDOW (Sweden), said that the past year had been one of exceptional development in international trade. However, it was possible for this trend to change as the Director-General had outlined in his introductory statement. The growth in trade was far from equally distributed between nations and it seemed a characteristic of modern times that the share of the industrialized countries in world trade was continuously increasing while that of the developing countries was not expanding at the same rate. The urgency of the trade problems of developing countries was strongly felt in the Nordic countries.

It was therefore with satisfaction that the Nordic countries had noted that the problems of developing countries were given attention in almost every sector of GATT's activities. He emphasized the great responsibility that lay with the Committee on Trade and Development and its subsidiary organs. The report of the Committee on Trade and Development clearly demonstrated that it was actively engaged in trying to reach concrete and practical solutions for some of the most urgent problems. In this context he stressed that the Nordic countries gave sympathetic consideration to the suggested procedures for consultation concerning the implementation of the provisions of Part IV of the General Agreement. The Nordic countries had made some suggestions in this respect.

In the field of non-tariff barriers, the Nordic countries viewed the process of the reduction or removal of non-tariff barriers to international trade as one of mutual interest to all contracting parties. In their opinion this implied that special attention should at every stage be given to the problems facing the developing countries, as foreseen in the Conclusions adopted in the twenty-fifth session.

The Nordic countries were also in favour of attention being paid to the problems of the developing countries in the Tariff Study. They were in agreement with the opinion expressed in the report of the Committee on Trade and Development that efforts should be made to ensure a meaningful analysis of certain tariff problems of particular concern to developing countries.

Of major importance to the developing countries was of course the proposed general scheme of preference, and it was his hope that efforts in this field would be brought to a successful conclusion in the near future. Tariff re-classifications and other problems in the tariff field might also find a solution in this context.

He stressed the importance of a close collaboration between GATT and UNCTAD; the aims should be the avoidance of any duplication of work between the two organizations thus ensuring that the resources of the two organizations were utilized to the best advantage of developing countries. This co-operation had so far been demonstrated in the joint International Trade Centre. The Nordic countries considered that the work carried out by the ITC was of great practical value to developing countries. The new fields in which it was now engaged - (programmes for selected countries, the close integration of its research activities and operational activities) - were indeed promising.

Finally, he concluded by saying that the Nordic countries supported the efforts made by all the developing countries themselves within the Trade Negotiations Committee of developing countries and expressed the hope that these negotiations would lead to concrete results and to an expansion of trade as soon as possible.

The meeting adjourned at 4.45 p.m.